

The CoStar Office Report

First Quarter 2016

Asheville Office Market



CoStarTM
The knowledge market

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Methodology

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

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CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certifi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Asheville's Vacancy Decreases to 5.1% Net Absorption Positive 100,945 SF in the Quarter

The Asheville Office market ended the first quarter 2016 with a vacancy rate of 5.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 100,945 square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 29,388 square feet. Rental rates ended the first quarter at \$15.42, a decrease over the previous quarter. One building delivered to the market in the quarter totaling 84,000 square feet, with 105,000 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Asheville office market was positive 100,945 square feet in the first quarter 2016. That compares to positive 15,700 square feet in the fourth quarter 2015, positive 24,337 square feet in third quarter and negative (7,407) square feet in second quarter.

Tenants moving into large blocks of space in 2016 include: Robert & Stevens Attorneys At Law moving into 21,015 square feet at City Centre; and The Collider, The Center for Excellence in the Climate Sciences Industry, moving into 20,568 square feet at 1 Haywood Street, the Wells Fargo Building.

The Class-A office market recorded net absorption of positive 90,560 square feet in the first quarter 2016, compared to negative (5,625) square feet in the fourth quarter 2015, positive 11,837 in third quarter and positive 697 in second quarter.

The Class-B office market recorded net absorption of positive 1,287 square feet in the first quarter 2016, compared to positive 13,891 square feet in the fourth quarter 2015, positive 6,203 in third quarter and negative (308) in second quarter.

The Class-C office market recorded net absorption of positive 9,098 square feet in the first quarter 2016 compared to positive 7,434 square feet in the fourth quarter 2015, positive 6,297 in third quarter and negative (7,796) in second quarter.

Vacancy

The office vacancy rate in the Asheville market area decreased to 5.1% at the end of the first quarter 2016. The vacancy rate was 5.3% at the end of the fourth quarter 2015, 5.4% at the end of third quarter and 5.6% at the end of second quarter.

Class-A projects reported a vacancy rate of 3.6% at the end of the first quarter 2016, 4.9% at the end of the fourth quarter 2015, 4.1% at the end of third quarter and 5.7% at the end of second quarter.

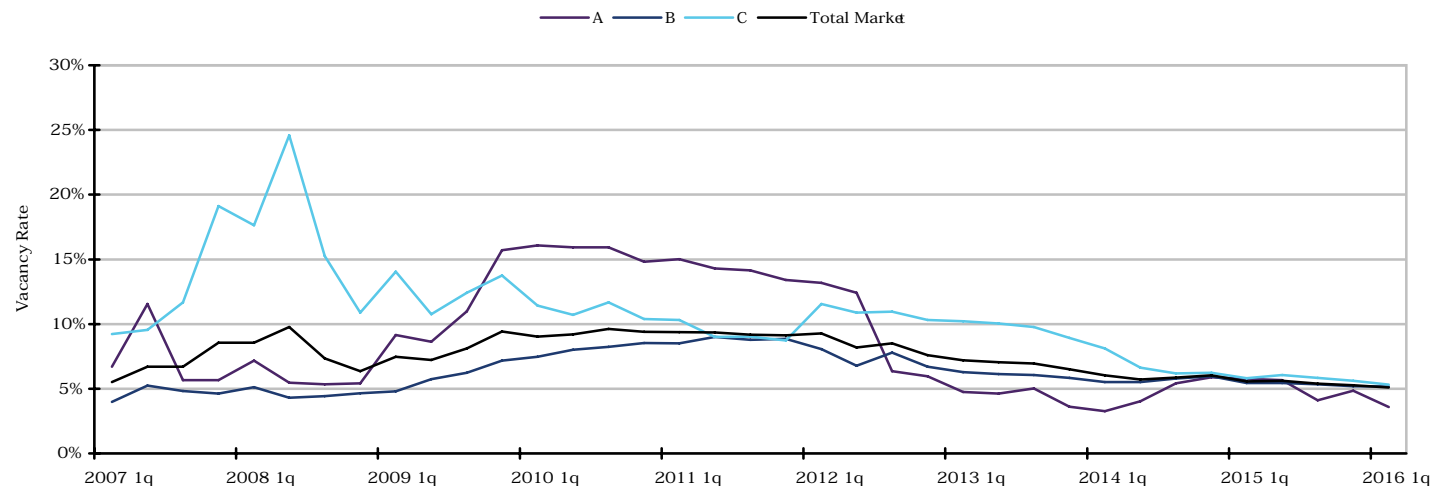
Class-B projects reported a vacancy rate of 5.2% at the end of the first quarter 2016, 5.2% at the end of the fourth quarter 2015, 5.3% at the end of third quarter and 5.4% at the end of second quarter.

Class-C projects reported a vacancy rate of 5.3% at the end of the first quarter 2016, 5.6% at the end of fourth quarter 2015, 5.8% at the end of third quarter and 6.0% at the end of second quarter.

Largest Lease Signings

The largest lease signings occurring in 2016 included: the 30,000 square foot leases signed by The Pardee Cancer Center at Health Sciences Center, Wingate University and Blue Ridge Community College at the Health Sciences Center on 6th Avenue in the Henderson County market; and the 2,921 square

Vacancy Rates by Class 2007-2016



Source: CoStar Property®



Asheville Office Market

Overview

foot lease signed by CAKE Websites & Moore at 230 Hilliard Avenue in the Central Asheville submarket.

Sublease Vacancy

The amount of vacant sublease space in the Asheville market increased to 29,388 square feet by the end of the first quarter 2016, from 10,593 square feet at the end of the fourth quarter 2015. There was 10,593 square feet vacant at the end of third quarter and 9,093 square feet at the end of second quarter.

Asheville’s Class-A projects reported zero vacant sublease space over the last four quarters.

Class-B projects reported vacant sublease space of 23,388 square feet at the end of the first quarter 2016, up from the 4,593 square feet reported at the end of the fourth quarter 2015. At the end of third quarter there were 4,593 square feet and at the end of second quarter there were 3,093 square feet vacant.

Class-C projects reported no vacant sublease space from the fourth quarter 2015 to the first quarter 2016. Sublease vacancy remained at 6,000 square feet during that time and during the previous three quarters.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$15.42 per square foot per year at the end of the first quarter 2016 in the Asheville market area. This represented a 0.1% decrease in quoted rental rates from the end of the fourth quarter 2015, when rents were reported at \$15.43 per square foot.

The average quoted rate within the Class-A sector was \$23.08 at the end of the first quarter 2016, while Class-B rates

stood at \$15.64, and Class-C rates at \$11.90. At the end of the fourth quarter 2015, Class-A rates were \$22.71 per square foot, Class-B rates were \$15.70, and Class-C rates were \$11.74.

Deliveries and Construction

During the first quarter 2016, one building totaling 84,000 square feet was completed in the Asheville market area. There were 105,000 square feet of office space under construction at the end of the first quarter.

One project that delivered in 2016 has been City Centre, an 84,000 square foot building that delivered in first quarter and is now 100% leased.

The largest projects underway at the end of first quarter 2016 were Health Sciences Center, a 90,000-square-foot building with 100% of its space pre-leased, and Sisters of Mercy Urgent Care East, a 15,000 square foot facility that is 100% pre-leased.

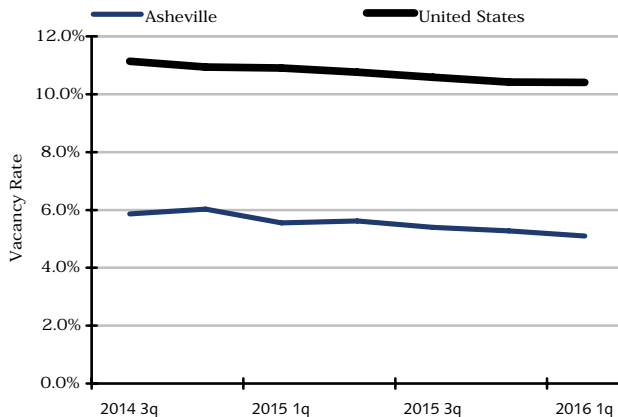
Inventory

Total office inventory in the Asheville market area amounted to 12,358,007 square feet in 1,246 buildings as of the end of the first quarter 2016. The Class-A office sector consisted of 843,270 square feet in 13 projects. There were 836 Class-B buildings totaling 8,378,173 square feet, and the Class-C sector consisted of 3,136,564 square feet in 397 buildings. Within the Office market, there were 24 owner-occupied buildings accounting for 442,535 square feet of office space.

Reports compiled by: CoStar Research

U.S. Vacancy Comparison

Past 7 Quarters



Source: CoStar Property®

Asheville Office Market



Markets

CoStar Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters
Buncombe County
Central Asheville
Downtown Asheville
East Asheville
Haywood County
Henderson County
Madison County
North Asheville
S Asheville/Royal Pines
West Asheville

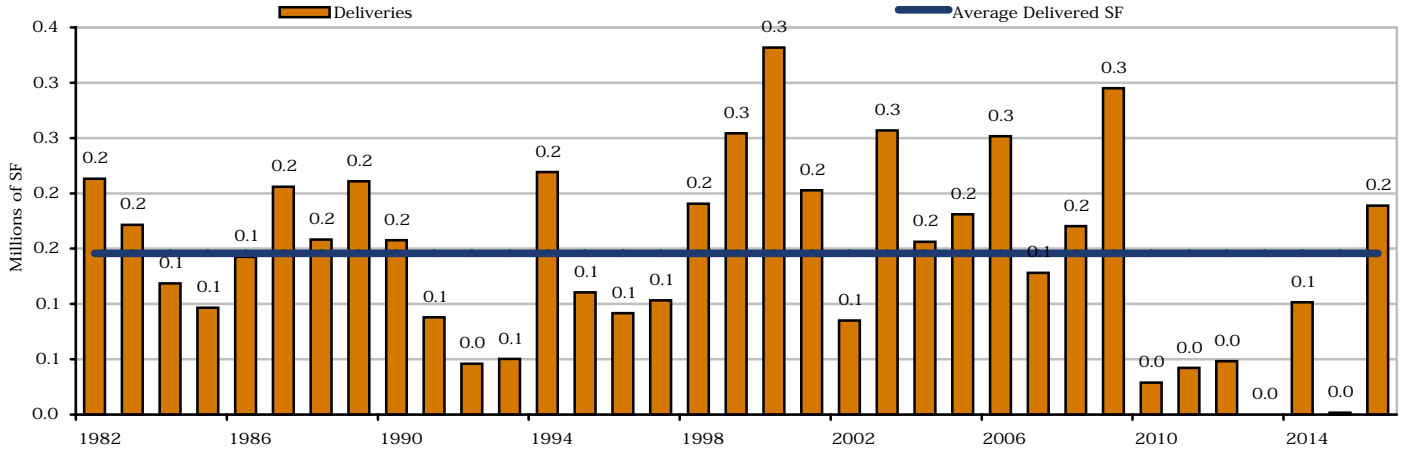


Asheville Office Market

Inventory & development

Historical Deliveries

1982 - 2016



Source: CoStar Property® * Future deliveries based on current under construction buildings.

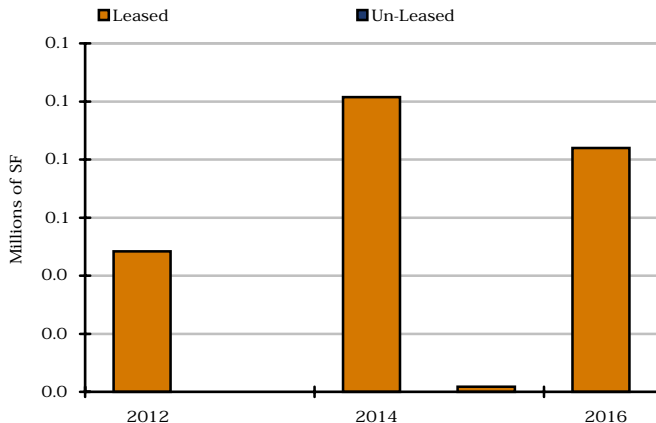
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Henderson County	1	90,000	90,000	100.0%	6,641	90,000
East Asheville	1	15,000	15,000	100.0%	5,369	15,000
Madison County	0	0	0	0.0%	4,191	0
Downtown Asheville	0	0	0	0.0%	28,662	0
Central Asheville	0	0	0	0.0%	12,661	0
North Asheville	0	0	0	0.0%	6,891	0
S Asheville/Royal Pines	0	0	0	0.0%	14,052	0
West Asheville	0	0	0	0.0%	5,929	0
Haywood County	0	0	0	0.0%	6,711	0
Buncombe County	0	0	0	0.0%	6,830	0
Totals	2	105,000	105,000	100.0%	9,918	52,500

Source: CoStar Property®

Recent Deliveries

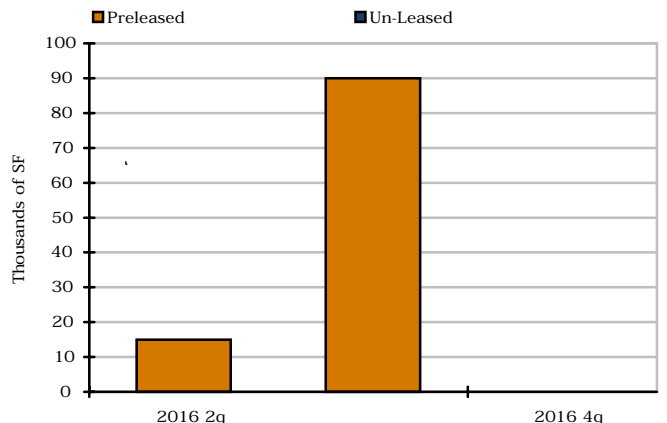
Leased & Un-Leased SF in Deliveries Since 2012



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

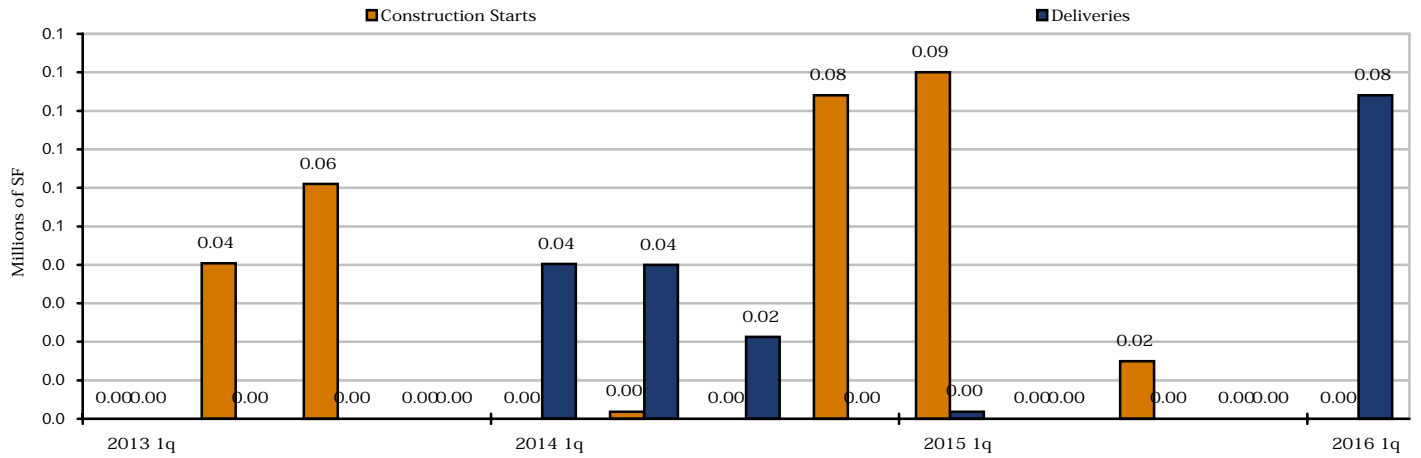
Asheville Office Market



Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	0	0	0	0.0%	\$0.00	0	0
50,000 SF - 99,999 SF	1	84,000	84,000	100.0%	\$0.00	0	84,000
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

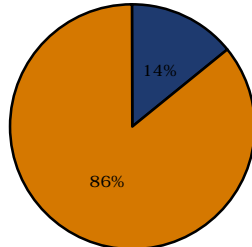
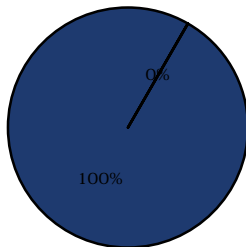
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2016 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

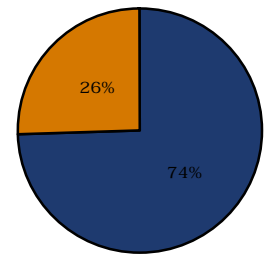
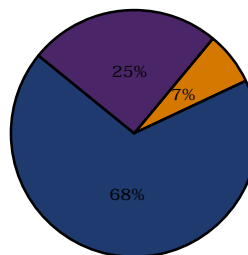
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. City Centre-301 College

Submarket: **Downtown Asheville**
 RBA: **84,000**
 # Floors: **4**
 Class: **A**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Fourth Quarter 2014**
 Deliv Date: **First Quarter 2016**
 Leasing Co: **Spake Real Estate**
 Developer: **Pulliam Properties**
 Architect: **Clark Nexsen**

Select Top Under Construction Properties

Based on Project Square Footage

1. Health Sciences Ctr-6th Ave

Submarket: **Henderson County**
 RBA: **90,000**
 # Floors: **3**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **First Quarter 2015**
 Deliv Date: **Third Quarter 2016**
 Leasing Co: **Henderson County**
 Developer: **Henderson County**
 Architect: **Clark Nexsen**

2. Sisters of Mercy Urgent Care East

Submarket: **East Asheville**
 RBA: **15,000**
 # Floors: **2**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2015**
 Deliv Date: **Second Quarter 2016**
 Leasing Co: **Azalea Management & Leasing**
 Developer: **N/A**
 Architect: **SAMNAT Architecture**

Asheville Office Market



Figures at a Glance

Class A Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	1	26,125	0	0	0.0%	0	0	0	\$16.00
Central Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Downtown Asheville	6	507,326	6,230	6,230	1.2%	87,308	84,000	0	\$25.80
East Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Haywood County	0	0	0	0	0.0%	0	0	0	\$0.00
Henderson County	0	0	0	0	0.0%	0	0	0	\$0.00
Madison County	0	0	0	0	0.0%	0	0	0	\$0.00
North Asheville	1	50,000	0	0	0.0%	0	0	0	\$0.00
S Asheville/Royal Pines	5	259,819	24,091	24,091	9.3%	3,252	0	0	\$26.22
West Asheville	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	13	843,270	30,321	30,321	3.6%	90,560	84,000	0	\$23.08

Source: CoStar Property®

Class B Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	90	771,420	55,802	73,297	9.5%	(14,626)	0	0	\$18.77
Central Asheville	179	2,180,279	104,679	109,906	5.0%	(14,741)	0	0	\$15.87
Downtown Asheville	50	1,099,999	38,555	39,221	3.6%	1,791	0	0	\$16.61
East Asheville	16	101,566	0	0	0.0%	0	0	15,000	\$0.00
Haywood County	42	329,285	46,428	46,428	14.1%	10,100	0	0	\$13.51
Henderson County	131	772,066	56,449	56,449	7.3%	1,484	0	90,000	\$11.82
Madison County	3	20,350	0	0	0.0%	0	0	0	\$0.00
North Asheville	115	762,555	33,160	33,160	4.3%	3,550	0	0	\$14.27
S Asheville/Royal Pines	144	1,959,980	70,688	70,688	3.6%	10,255	0	0	\$16.35
West Asheville	66	380,673	3,800	3,800	1.0%	3,474	0	0	\$7.58
Totals	836	8,378,173	409,561	432,949	5.2%	1,287	0	105,000	\$15.64

Source: CoStar Property®



Asheville Office Market

Figures at a Glance

Class C Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	63	254,269	2,500	2,500	1.0%	1,000	0	0	\$11.57
Central Asheville	77	1,060,910	12,620	12,620	1.2%	952	0	0	\$12.17
Downtown Asheville	6	169,746	5,035	5,035	3.0%	5,989	0	0	\$12.01
East Asheville	5	11,180	0	0	0.0%	0	0	0	\$0.00
Haywood County	69	415,631	99,337	99,337	23.9%	(1,957)	0	0	\$9.16
Henderson County	95	728,775	28,788	28,788	4.0%	3,646	0	0	\$11.15
Madison County	8	25,749	0	0	0.0%	0	0	0	\$0.00
North Asheville	23	145,275	2,700	8,700	6.0%	868	0	0	\$15.05
S Asheville/Royal Pines	17	112,850	2,400	2,400	2.1%	(2,400)	0	0	\$0.00
West Asheville	34	212,179	7,534	7,534	3.6%	1,000	0	0	\$14.62
Totals	397	3,136,564	160,914	166,914	5.3%	9,098	0	0	\$11.90

Source: CoStar Property®

Total Office Market Statistics

First Quarter 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Buncombe County	154	1,051,814	58,302	75,797	7.2%	(13,626)	0	0	\$17.32
Central Asheville	256	3,241,189	117,299	122,526	3.8%	(13,789)	0	0	\$14.87
Downtown Asheville	62	1,777,071	49,820	50,486	2.8%	95,088	84,000	0	\$16.75
East Asheville	21	112,746	0	0	0.0%	0	0	15,000	\$0.00
Haywood County	111	744,916	145,765	145,765	19.6%	8,143	0	0	\$10.15
Henderson County	226	1,500,841	85,237	85,237	5.7%	5,130	0	90,000	\$11.66
Madison County	11	46,099	0	0	0.0%	0	0	0	\$0.00
North Asheville	139	957,830	35,860	41,860	4.4%	4,418	0	0	\$14.34
S Asheville/Royal Pines	166	2,332,649	97,179	97,179	4.2%	11,107	0	0	\$18.55
West Asheville	100	592,852	11,334	11,334	1.9%	4,474	0	0	\$12.13
Totals	1,246	12,358,007	600,796	630,184	5.1%	100,945	84,000	105,000	\$15.42

Source: CoStar Property®

Asheville Office Market



Figures at a Glance

Class A Market Statistics

First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	13	843,270	30,321	30,321	3.6%	90,560	1	84,000	0	0	\$23.08
2015 4q	12	759,270	36,881	36,881	4.9%	(5,625)	0	0	1	84,000	\$22.71
2015 3q	12	759,270	31,256	31,256	4.1%	11,837	0	0	1	84,000	\$25.65
2015 2q	12	759,270	43,093	43,093	5.7%	697	0	0	1	84,000	\$22.49
2015 1q	12	759,270	43,790	43,790	5.8%	896	0	0	1	84,000	\$22.41
2014 4q	12	759,270	44,686	44,686	5.9%	(3,593)	0	0	1	84,000	\$22.51
2014 3q	12	759,270	41,093	41,093	5.4%	(10,393)	0	0	0	0	\$25.72
2014 2q	12	759,270	30,700	30,700	4.0%	(6,003)	0	0	0	0	\$24.84
2014 1q	12	759,270	24,697	24,697	3.3%	2,807	0	0	0	0	\$24.94
2013	12	759,270	27,504	27,504	3.6%	17,827	0	0	0	0	\$25.93
2012	12	759,270	45,331	45,331	6.0%	56,531	0	0	0	0	\$28.53
2011	12	759,270	101,862	101,862	13.4%	10,686	0	0	0	0	\$28.38
2010	12	759,270	112,548	112,548	14.8%	6,754	0	0	0	0	\$28.31
2009	12	759,270	119,302	119,302	15.7%	83,539	3	171,000	0	0	\$21.14
2008	9	588,270	31,841	31,841	5.4%	48,694	1	50,000	1	45,000	\$22.47
2007	8	538,270	30,535	30,535	5.7%	5,511	0	0	1	50,000	\$21.51

Source: CoStar Property®

Class B Market Statistics

First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	836	8,378,173	409,561	432,949	5.2%	1,287	0	0	2	105,000	\$15.64
2015 4q	836	8,378,173	429,643	434,236	5.2%	13,891	0	0	2	105,000	\$15.70
2015 3q	836	8,378,173	443,534	448,127	5.3%	6,203	0	0	2	105,000	\$15.65
2015 2q	837	8,380,334	453,398	456,491	5.4%	(308)	0	0	1	90,000	\$15.28
2015 1q	837	8,380,334	453,090	456,183	5.4%	44,560	1	1,800	1	90,000	\$15.24
2014 4q	836	8,378,534	495,850	498,943	6.0%	(22,274)	0	0	1	1,800	\$15.32
2014 3q	838	8,387,718	474,054	485,853	5.8%	(3,698)	1	21,240	1	1,800	\$15.45
2014 2q	837	8,366,478	449,116	460,915	5.5%	38,333	1	39,994	2	23,040	\$15.32
2014 1q	836	8,326,484	446,155	459,254	5.5%	65,495	3	40,221	2	61,234	\$15.56
2013	833	8,286,263	473,856	484,528	5.8%	70,437	0	0	5	101,455	\$16.55
2012	833	8,286,263	554,965	554,965	6.7%	218,398	3	48,366	0	0	\$16.58
2011	831	8,243,795	730,895	730,895	8.9%	10,572	1	42,120	2	4,034	\$16.03
2010	830	8,201,675	694,497	699,347	8.5%	(88,304)	2	25,088	1	42,120	\$14.98
2009	828	8,176,587	577,963	585,955	7.2%	(87,465)	6	124,011	2	25,088	\$16.04
2008	822	8,052,576	371,580	374,479	4.7%	79,137	11	90,435	6	124,011	\$16.22
2007	812	7,967,554	364,959	368,594	4.6%	12,193	7	126,225	12	108,164	\$14.89

Source: CoStar Property®

Total Office Market Statistics

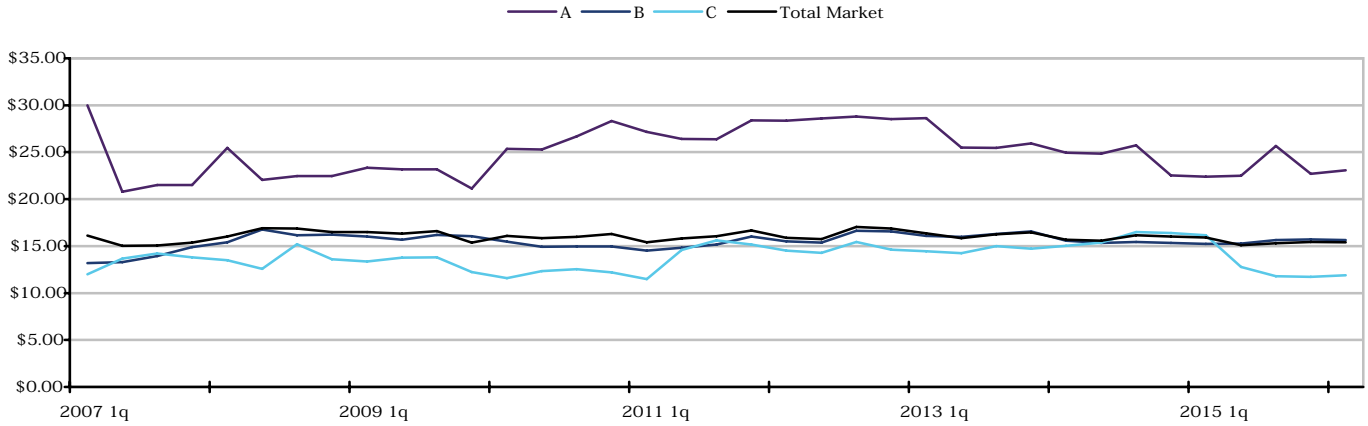
First Quarter 2016

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	1,246	12,358,007	600,796	630,184	5.1%	100,945	1	84,000	2	105,000	\$15.42
2015 4q	1,245	12,274,007	636,536	647,129	5.3%	15,700	0	0	3	189,000	\$15.43
2015 3q	1,245	12,274,007	652,236	662,829	5.4%	24,337	0	0	3	189,000	\$15.31
2015 2q	1,246	12,276,168	680,234	689,327	5.6%	(7,407)	0	0	2	174,000	\$15.11
2015 1q	1,246	12,276,168	672,827	681,920	5.6%	59,132	1	1,800	2	174,000	\$15.90
2014 4q	1,245	12,274,368	730,159	739,252	6.0%	(27,797)	0	0	2	85,800	\$16.02
2014 3q	1,247	12,283,552	708,840	720,639	5.9%	(179)	1	21,240	1	1,800	\$16.14
2014 2q	1,246	12,262,312	687,421	699,220	5.7%	79,538	1	39,994	2	23,040	\$15.56
2014 1q	1,245	12,222,318	725,665	738,764	6.0%	91,138	3	40,221	2	61,234	\$15.68
2013	1,243	12,184,664	781,576	792,248	6.5%	131,445	0	0	5	101,455	\$16.46
2012	1,243	12,184,664	923,693	923,693	7.6%	225,803	3	48,366	0	0	\$16.86
2011	1,241	12,142,196	1,107,028	1,107,028	9.1%	73,302	1	42,120	2	4,034	\$16.66
2010	1,240	12,100,076	1,133,360	1,138,210	9.4%	27,328	3	28,856	1	42,120	\$16.29
2009	1,237	12,071,220	1,128,690	1,136,682	9.4%	(94,093)	9	295,011	3	28,856	\$15.35
2008	1,228	11,776,209	744,679	747,578	6.3%	409,806	15	170,345	7	169,011	\$16.50
2007	1,214	11,611,277	988,817	992,452	8.5%	(287,488)	8	128,122	15	172,964	\$15.36

Source: CoStar Property®

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates

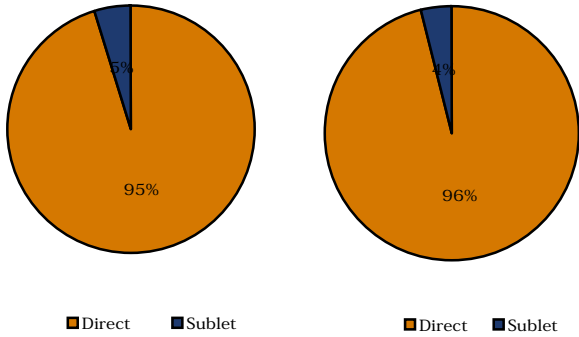


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Asheville United States

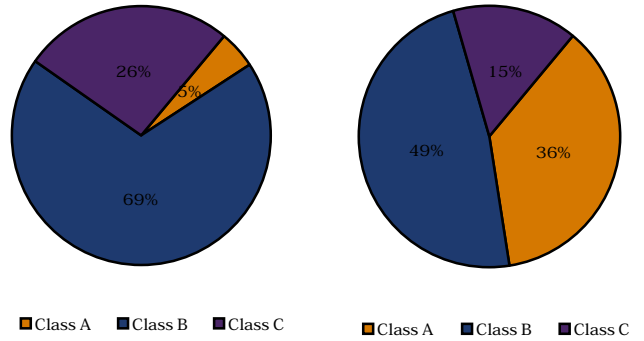


Source: CoStar Property®

Vacancy by Class

Percent of All Vacant Space by Class

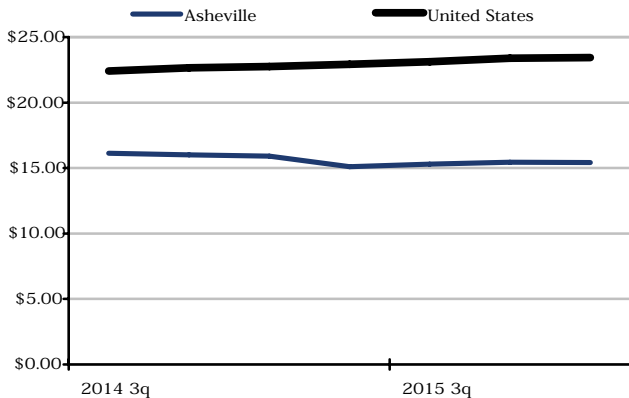
Asheville United States



Source: CoStar Property®

U.S. Rental Rate Comparison

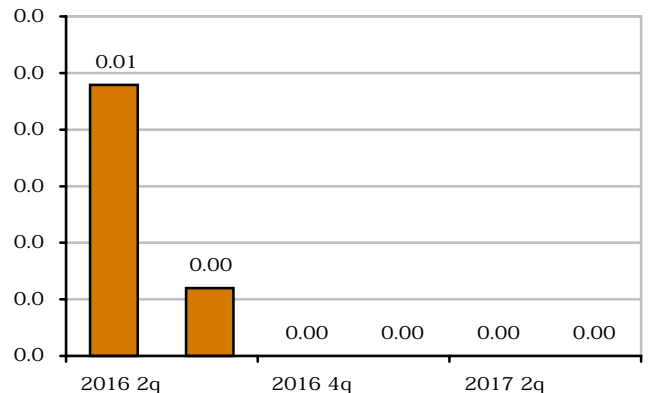
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Asheville Office Market



Leasing Activity

Select Top Office Leases Based on Leased Square Footage For Deals Signed in 2016

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 Health Sciences Center-6th Ave	Henderson County	30,000	1st	The Pardee Cancer Center	N/A	Henderson County
2 Health Sciences Center-6th Ave	Henderson County	30,000	1st	Wingate University	N/A	Henderson County
3 Health Sciences Center-6th Ave	Henderson County	30,000	1st	Blue Ridge Community College	N/A	Henderson County
4 1402 7th Ave E	Henderson County	3,440	1st	DaVita Dialysis Center	N/A	N/A
5 230 Hilliard Ave	Central Asheville	2,921	1st	CAKE Websites & More	N/A	NAI Beverly-Hanks Commercial
6 400 Executive Park*	Central Asheville	2,870	1st	NAI Beverly Hanks	N/A	NAI Beverly-Hanks Commercial
7 49 Galloway St	Haywood County	2,200	1st	Oak Tree Medical Centre	N/A	N/A
8 Jackson Bldg-22 S Pack	Downtown Asheville	1,754	1st	N/A	N/A	Southeastern Development
9 18 Regent Park Blvd	West Asheville	1,674	1st	Carolina Outreach	N/A	Azalea Management & Leasing
10 Jackson Bldg-22 S Pack	Downtown Asheville	1,554	1st	N/A	N/A	Southeastern Development
11 Two Town Square	S Asheville/Royal Pines	1,525	1st	The Palmer Group	N/A	Biltmore Farms, Inc
12 Ridgefield III-1200 Ridgefield	Buncombe County	1,354	1st	Old Town Bank	N/A	Whitney Commercial Real Estate
13 200 Ridgefield Ct	Buncombe County	1,287	1st	Smoky Mountain LME/MCO	N/A	Whitney Commercial Real Estate
14 34 Wall-91 Patton*	Downtown Asheville	1,022	1st	Full Circle Salon	N/A	Whitney Commercial Real Estate
15 100 Executive Park	Central Asheville	1,020	1st	Business Estate Underwriters	Whitney Commercial Real Estate	NAI Beverly-Hanks Commercial
16 184 E Chestnut St	North Asheville	868	1st	Hays Martin Appraiser	N/A	Morosani and Associates
17 4800 Asheville Hwy	Henderson County	740	1st	Blue Mountain Computers	N/A	Mountain Home
18 Self Help-89 Patton	Downtown Asheville	684	1st	Barbara Davis	N/A	Whitney Commercial Real Estate
19 Kennington Sq-224 S Grove	Henderson County	610	1st	The Leitner Company	N/A	NAI Beverly-Hanks Commercial
20 Two Town Square	S Asheville/Royal Pines	272	1st	Security-G4S	N/A	Biltmore Farms

Source: CoStar Property®

* Renewal



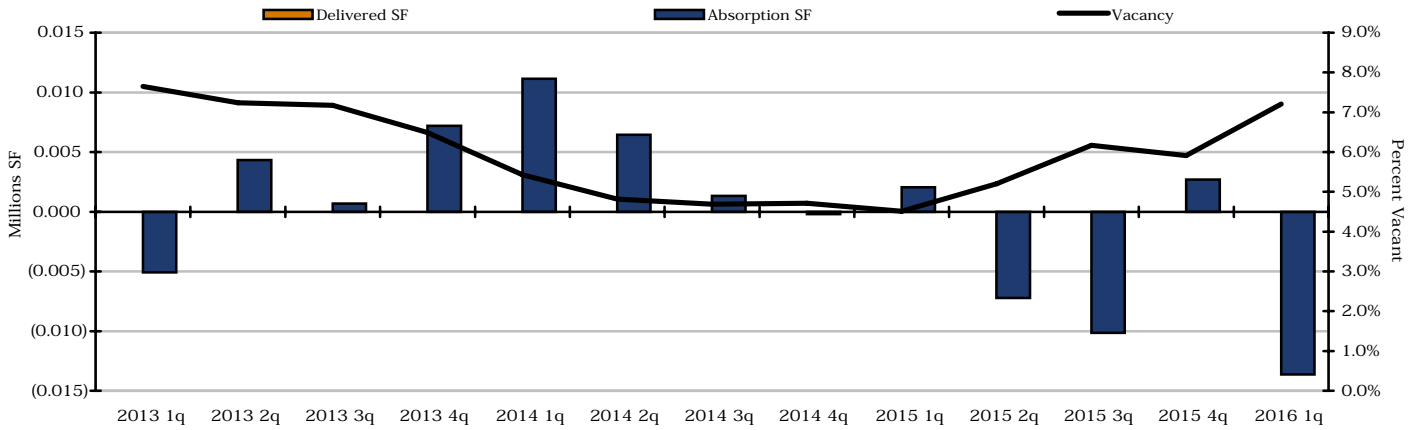
Asheville Office Market

Buncombe County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

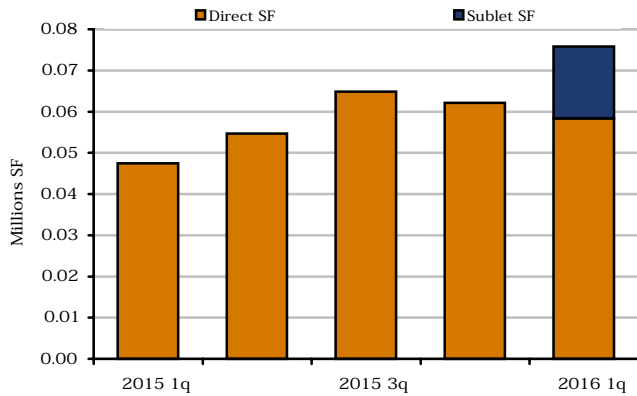
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

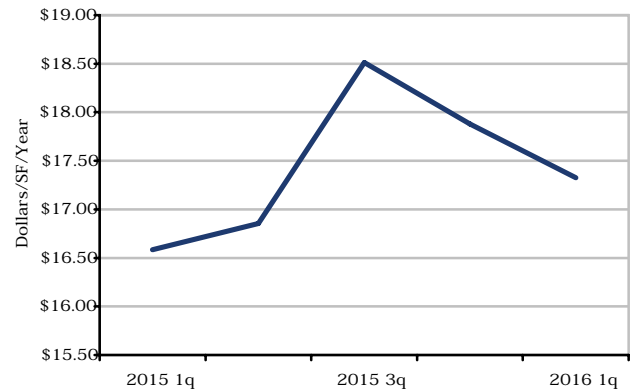
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	154	1,051,814	75,797	7.2%	(13,626)	0	0	0	0	\$17.32
2015 4q	154	1,051,814	62,171	5.9%	2,703	0	0	0	0	\$17.88
2015 3q	154	1,051,814	64,874	6.2%	(10,159)	0	0	0	0	\$18.51
2015 2q	154	1,051,814	54,715	5.2%	(7,236)	0	0	0	0	\$16.86
2015 1q	154	1,051,814	47,479	4.5%	2,057	0	0	0	0	\$16.59
2014 4q	154	1,051,814	49,536	4.7%	(192)	0	0	0	0	\$15.50
2014 3q	154	1,051,814	49,344	4.7%	1,339	0	0	0	0	\$15.96
2014 2q	154	1,051,814	50,683	4.8%	6,436	0	0	0	0	\$15.60
2014 1q	154	1,051,814	57,119	5.4%	11,152	0	0	0	0	\$15.72
2013 4q	154	1,051,814	68,271	6.5%	7,200	0	0	0	0	\$15.19
2013 3q	154	1,051,814	75,471	7.2%	681	0	0	0	0	\$15.38
2013 2q	154	1,051,814	76,152	7.2%	4,337	0	0	0	0	\$15.56
2013 1q	154	1,051,814	80,489	7.7%	(5,087)	0	0	0	0	\$17.00
2012 4q	154	1,051,814	75,402	7.2%	20,167	0	0	0	0	\$17.01
2012 3q	154	1,051,814	95,569	9.1%	5,726	0	0	0	0	\$16.87
2012 2q	154	1,051,814	101,295	9.6%	4,512	0	0	0	0	\$16.48

Source: CoStar Property®

Asheville Office Market

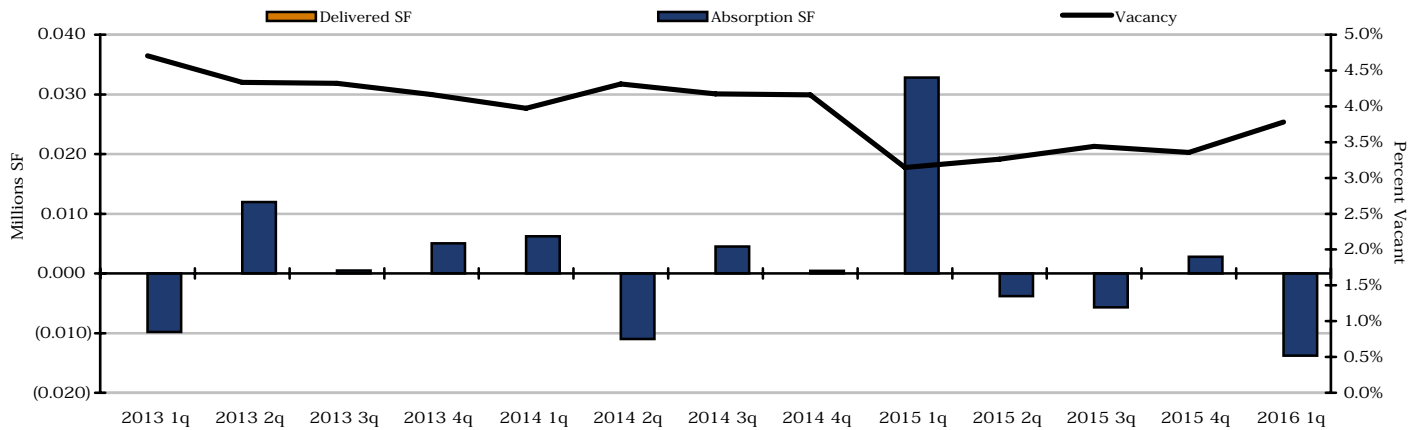


Central Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

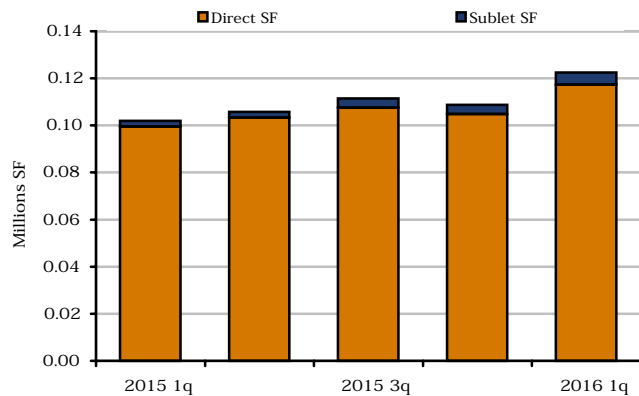
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

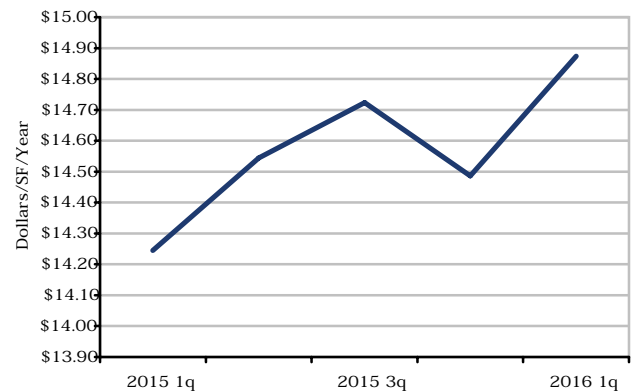
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	256	3,241,189	122,526	3.8%	(13,789)	0	0	0	0	\$14.87
2015 4q	256	3,241,189	108,737	3.4%	2,763	0	0	0	0	\$14.49
2015 3q	256	3,241,189	111,500	3.4%	(5,707)	0	0	0	0	\$14.72
2015 2q	256	3,241,189	105,793	3.3%	(3,813)	0	0	0	0	\$14.54
2015 1q	256	3,241,189	101,980	3.1%	32,802	0	0	0	0	\$14.25
2014 4q	256	3,241,189	134,782	4.2%	425	0	0	0	0	\$15.17
2014 3q	256	3,241,189	135,207	4.2%	4,526	0	0	0	0	\$15.66
2014 2q	256	3,241,189	139,733	4.3%	(10,992)	0	0	0	0	\$15.26
2014 1q	256	3,241,189	128,741	4.0%	6,221	0	0	0	0	\$15.02
2013 4q	256	3,241,189	134,962	4.2%	5,030	0	0	0	0	\$15.31
2013 3q	256	3,241,189	139,992	4.3%	495	0	0	0	0	\$15.15
2013 2q	256	3,241,189	140,487	4.3%	11,970	0	0	0	0	\$14.76
2013 1q	256	3,241,189	152,457	4.7%	(9,830)	0	0	0	0	\$14.80
2012 4q	256	3,241,189	142,627	4.4%	45,572	0	0	0	0	\$15.87
2012 3q	256	3,241,189	188,199	5.8%	(12,686)	0	0	0	0	\$16.07
2012 2q	256	3,241,189	175,513	5.4%	44,723	0	0	0	0	\$16.22

Source: CoStar Property®



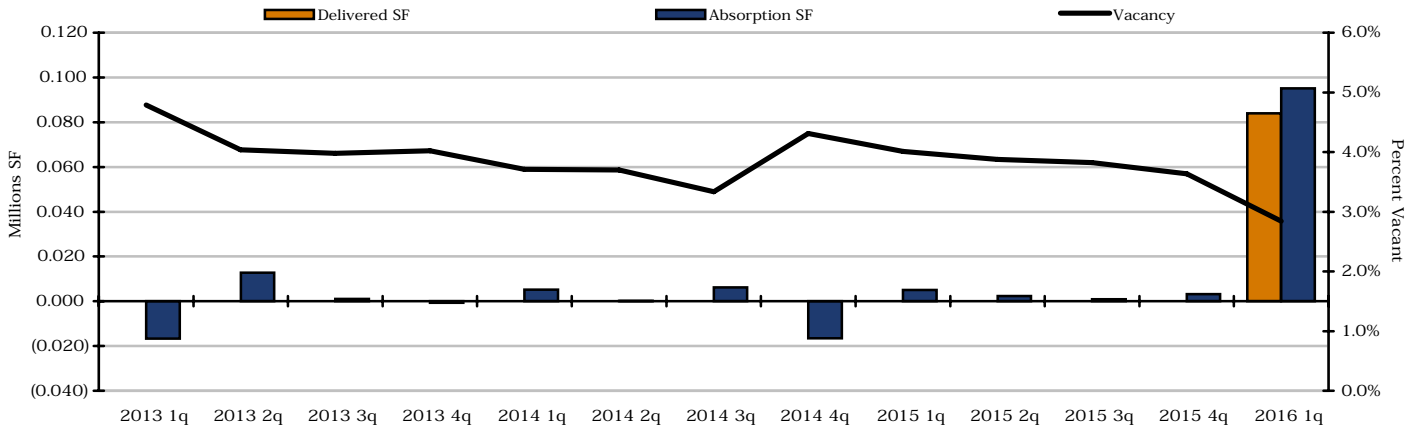
Asheville Office Market

Downtown Asheville Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

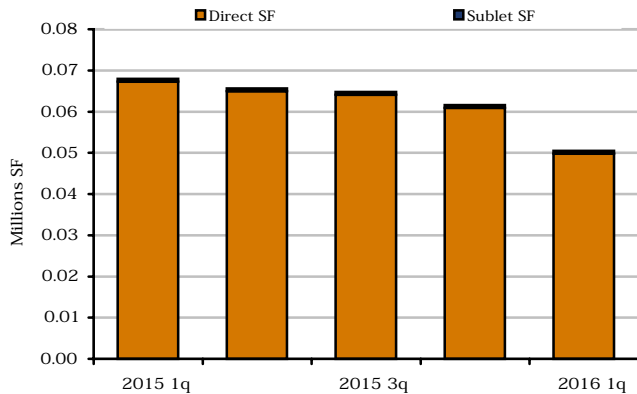
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

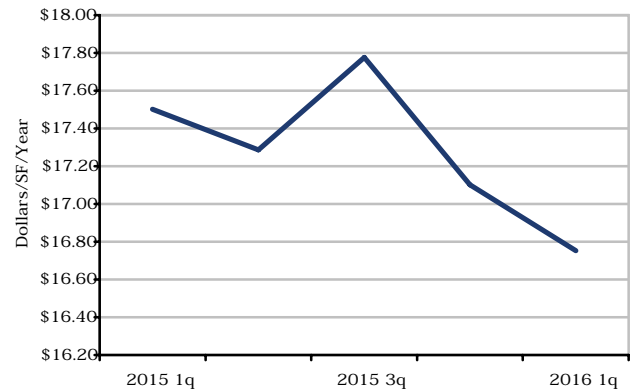
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	62	1,777,071	50,486	2.8%	95,088	1	84,000	0	0	\$16.75
2015 4q	61	1,693,071	61,574	3.6%	3,173	0	0	1	84,000	\$17.10
2015 3q	61	1,693,071	64,747	3.8%	859	0	0	1	84,000	\$17.78
2015 2q	61	1,693,071	65,606	3.9%	2,334	0	0	1	84,000	\$17.29
2015 1q	61	1,693,071	67,940	4.0%	5,075	0	0	1	84,000	\$17.50
2014 4q	61	1,693,071	73,015	4.3%	(16,534)	0	0	1	84,000	\$17.30
2014 3q	61	1,693,071	56,481	3.3%	6,190	0	0	0	0	\$17.85
2014 2q	61	1,693,071	62,671	3.7%	190	0	0	0	0	\$16.81
2014 1q	61	1,693,071	62,861	3.7%	5,185	0	0	0	0	\$16.81
2013 4q	61	1,693,071	68,046	4.0%	(729)	0	0	0	0	\$16.67
2013 3q	61	1,693,071	67,317	4.0%	1,008	0	0	0	0	\$17.24
2013 2q	61	1,693,071	68,325	4.0%	12,741	0	0	0	0	\$15.72
2013 1q	61	1,693,071	81,066	4.8%	(16,625)	0	0	0	0	\$15.80
2012 4q	61	1,693,071	64,441	3.8%	(7,779)	0	0	0	0	\$15.09
2012 3q	61	1,693,071	56,662	3.3%	615	0	0	0	0	\$16.51
2012 2q	61	1,693,071	57,277	3.4%	49,186	0	0	0	0	\$14.32

Source: CoStar Property®

Asheville Office Market

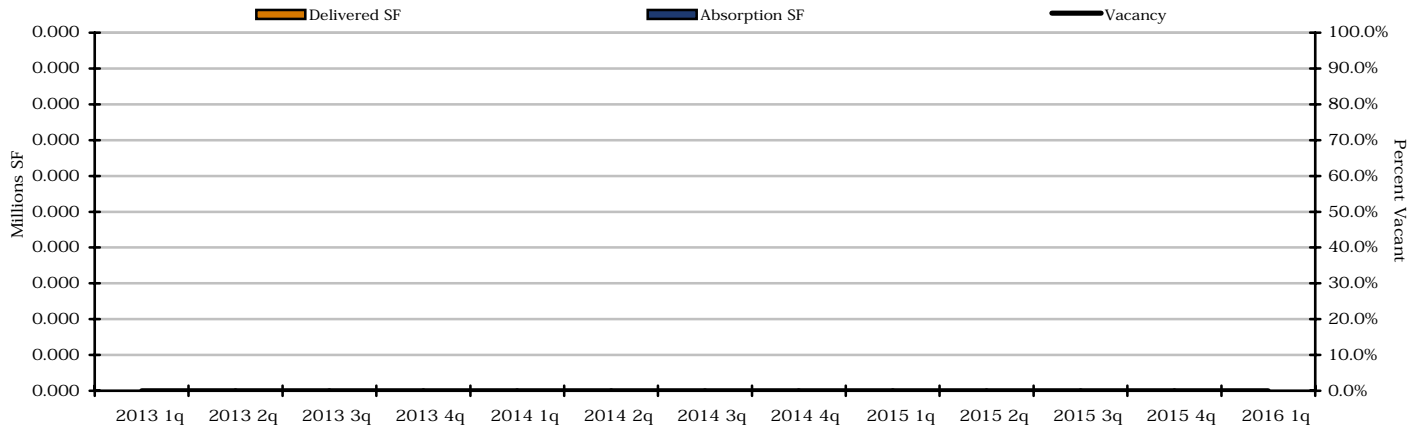


East Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

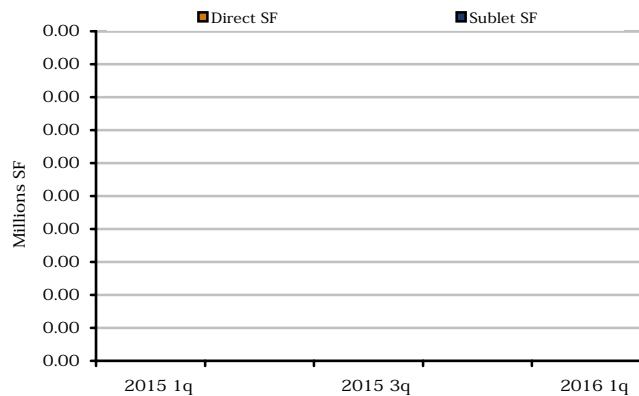
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

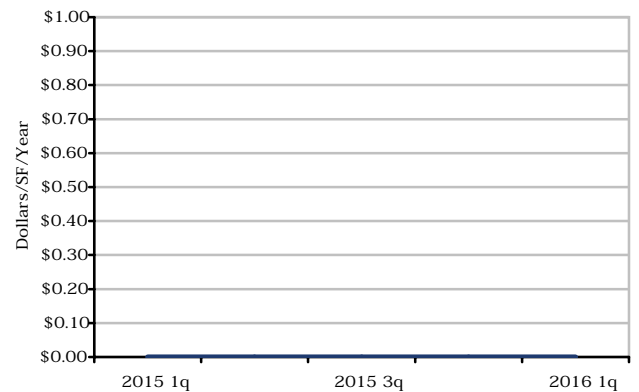
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	21	112,746	0	0.0%	0	0	0	1	15,000	\$0.00
2015 4q	21	112,746	0	0.0%	0	0	0	1	15,000	\$0.00
2015 3q	21	112,746	0	0.0%	0	0	0	1	15,000	\$0.00
2015 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2015 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2014 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2013 1q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 4q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 3q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00
2012 2q	21	112,746	0	0.0%	0	0	0	0	0	\$0.00

Source: CoStar Property®



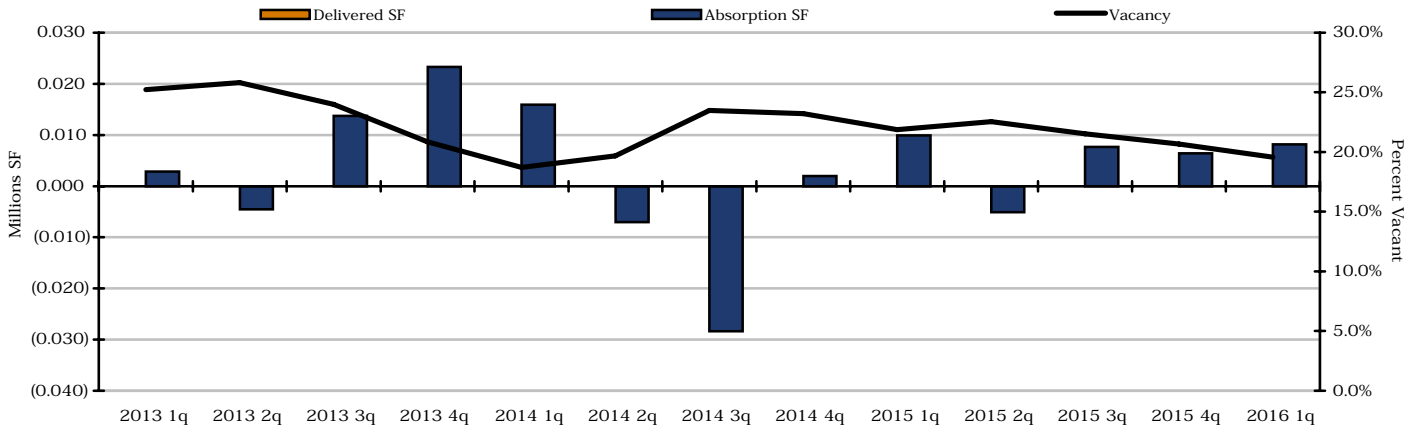
Asheville Office Market

Haywood County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

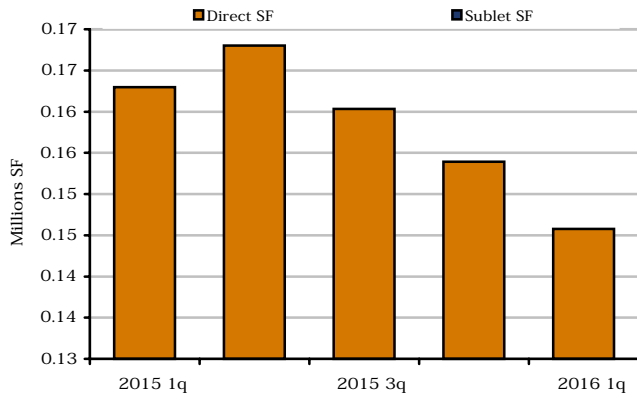
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

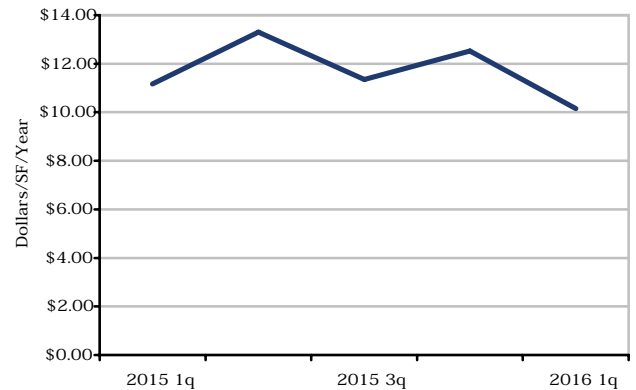
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	111	744,916	145,765	19.6%	8,143	0	0	0	0	\$10.15
2015 4q	111	744,916	153,908	20.7%	6,424	0	0	0	0	\$12.53
2015 3q	111	744,916	160,332	21.5%	7,688	0	0	0	0	\$11.36
2015 2q	111	744,916	168,020	22.6%	(5,068)	0	0	0	0	\$13.30
2015 1q	111	744,916	162,952	21.9%	9,921	0	0	0	0	\$11.17
2014 4q	111	744,916	172,873	23.2%	1,976	0	0	0	0	\$12.87
2014 3q	111	744,916	174,849	23.5%	(28,360)	0	0	0	0	\$10.95
2014 2q	111	744,916	146,489	19.7%	(7,062)	0	0	0	0	\$12.16
2014 1q	111	744,916	139,427	18.7%	15,920	0	0	0	0	\$10.38
2013 4q	111	744,916	155,347	20.9%	23,300	0	0	0	0	\$13.17
2013 3q	111	744,916	178,647	24.0%	13,730	0	0	0	0	\$11.43
2013 2q	111	744,916	192,377	25.8%	(4,508)	0	0	0	0	\$12.84
2013 1q	111	744,916	187,869	25.2%	2,867	0	0	0	0	\$12.75
2012 4q	111	744,916	190,736	25.6%	49,308	1	44,332	0	0	\$11.90
2012 3q	110	700,584	195,712	27.9%	(22,175)	0	0	1	44,332	\$8.53
2012 2q	110	700,584	173,537	24.8%	(2,724)	0	0	1	44,332	\$7.27

Source: CoStar Property®

Asheville Office Market

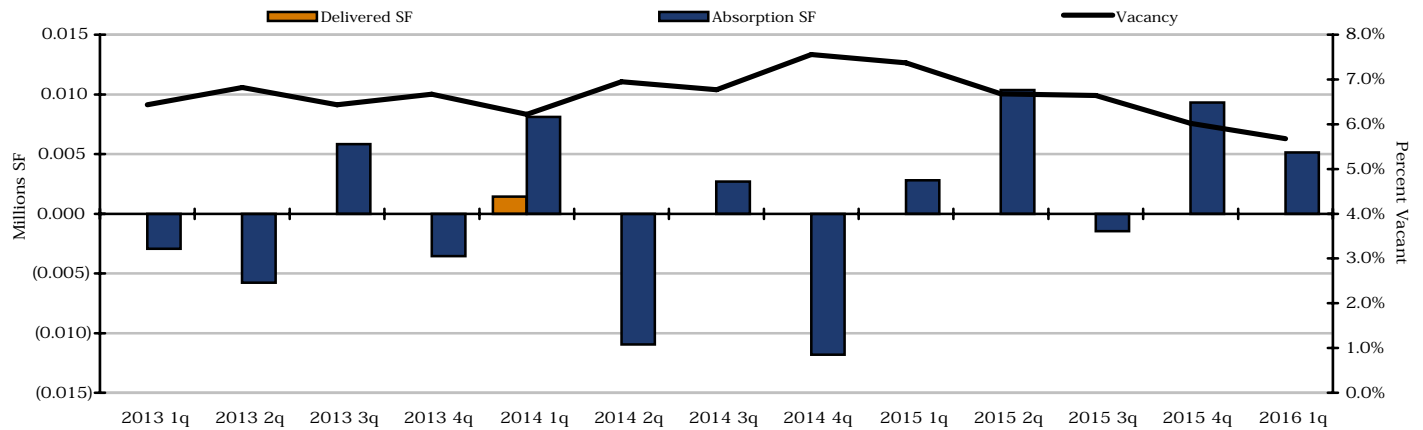


Henderson County Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

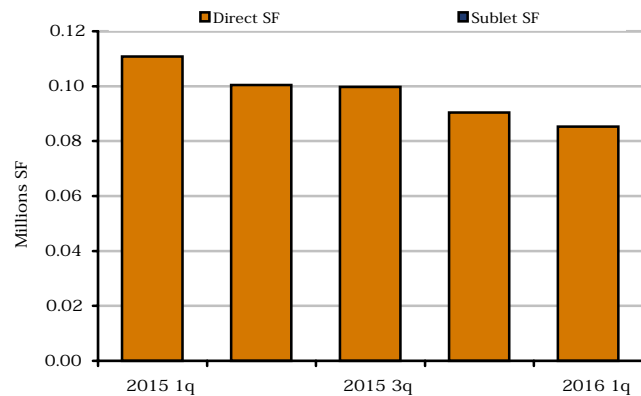
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

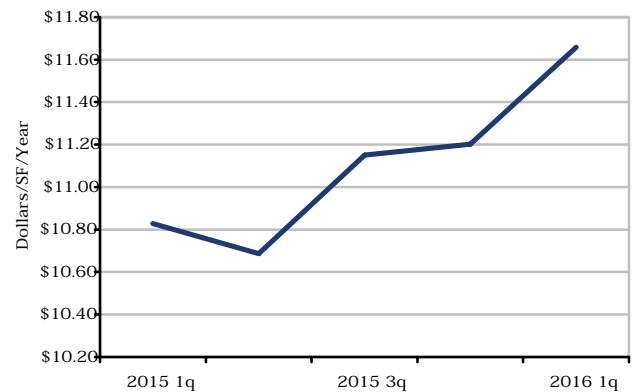
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	226	1,500,841	85,237	5.7%	5,130	0	0	1	90,000	\$11.66
2015 4q	226	1,500,841	90,367	6.0%	9,315	0	0	1	90,000	\$11.20
2015 3q	226	1,500,841	99,682	6.6%	(1,466)	0	0	1	90,000	\$11.15
2015 2q	227	1,503,002	100,377	6.7%	10,365	0	0	1	90,000	\$10.69
2015 1q	227	1,503,002	110,742	7.4%	2,813	0	0	1	90,000	\$10.83
2014 4q	227	1,503,002	113,555	7.6%	(11,807)	0	0	0	0	\$11.34
2014 3q	227	1,503,002	101,748	6.8%	2,681	0	0	0	0	\$11.29
2014 2q	227	1,503,002	104,429	6.9%	(10,961)	0	0	0	0	\$10.92
2014 1q	227	1,503,002	93,468	6.2%	8,110	1	1,440	0	0	\$11.22
2013 4q	226	1,501,562	100,138	6.7%	(3,561)	0	0	1	1,440	\$11.31
2013 3q	226	1,501,562	96,577	6.4%	5,834	0	0	1	1,440	\$10.96
2013 2q	226	1,501,562	102,411	6.8%	(5,790)	0	0	1	1,440	\$11.00
2013 1q	226	1,501,562	96,621	6.4%	(2,943)	0	0	0	0	\$11.20
2012 4q	226	1,501,562	93,678	6.2%	23,166	0	0	0	0	\$11.43
2012 3q	226	1,501,562	116,844	7.8%	1,031	0	0	0	0	\$11.74
2012 2q	226	1,501,562	117,875	7.9%	18,167	0	0	0	0	\$11.23

Source: CoStar Property®



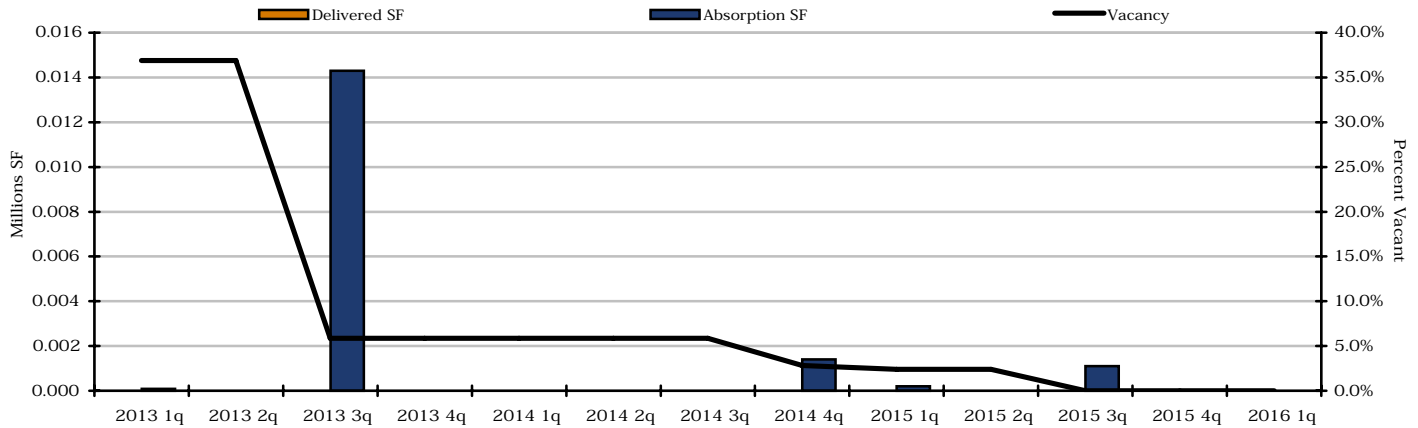
Asheville Office Market

Madison County Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

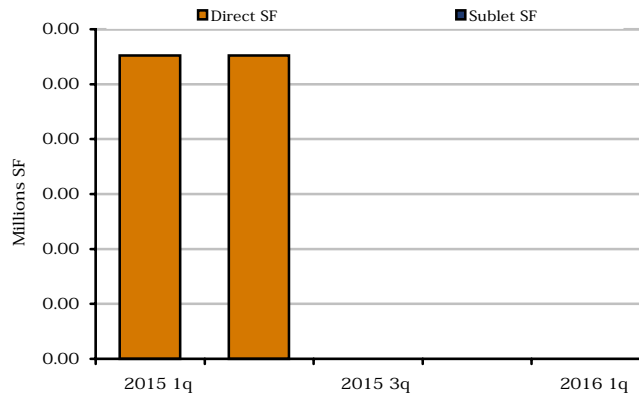
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

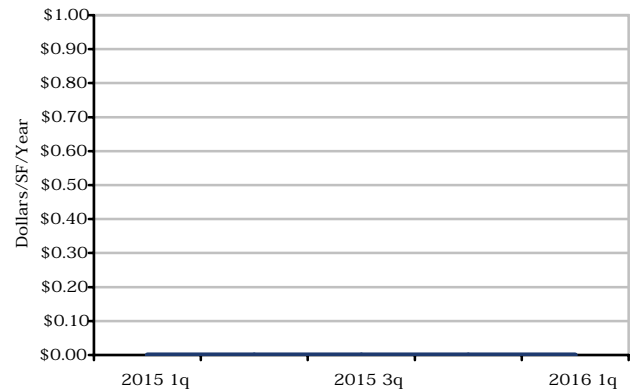
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	11	46,099	0	0.0%	0	0	0	0	0	\$0.00
2015 4q	11	46,099	0	0.0%	0	0	0	0	0	\$0.00
2015 3q	11	46,099	0	0.0%	1,104	0	0	0	0	\$0.00
2015 2q	11	46,099	1,104	2.4%	0	0	0	0	0	\$0.00
2015 1q	11	46,099	1,104	2.4%	196	0	0	0	0	\$0.00
2014 4q	11	46,099	1,300	2.8%	1,400	0	0	0	0	\$0.00
2014 3q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2014 2q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2014 1q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2013 4q	11	46,099	2,700	5.9%	0	0	0	0	0	\$0.00
2013 3q	11	46,099	2,700	5.9%	14,300	0	0	0	0	\$0.00
2013 2q	11	46,099	17,000	36.9%	0	0	0	0	0	\$0.00
2013 1q	11	46,099	17,000	36.9%	80	0	0	0	0	\$0.00
2012 4q	11	46,099	17,080	37.1%	(3,600)	0	0	0	0	\$0.00
2012 3q	11	46,099	13,480	29.2%	500	0	0	0	0	\$0.00
2012 2q	11	46,099	13,980	30.3%	0	0	0	0	0	\$0.00

Source: CoStar Property®

Asheville Office Market

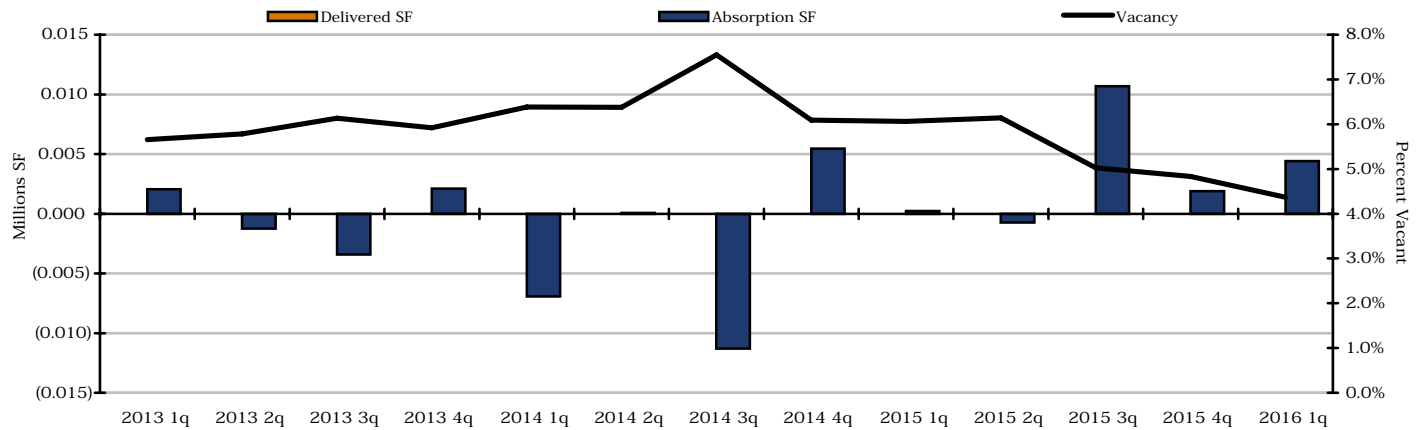


North Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

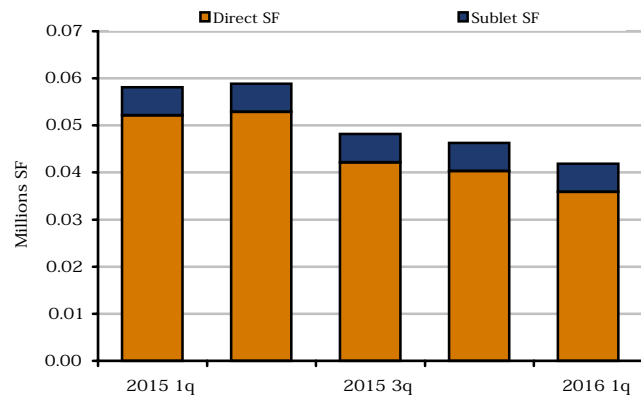
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

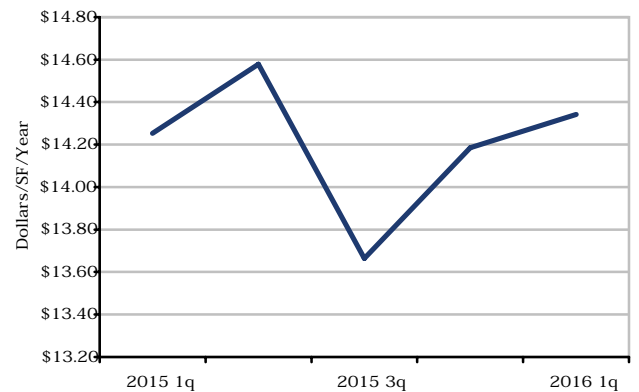
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	139	957,830	41,860	4.4%	4,418	0	0	0	0	\$14.34
2015 4q	139	957,830	46,278	4.8%	1,880	0	0	0	0	\$14.19
2015 3q	139	957,830	48,158	5.0%	10,691	0	0	0	0	\$13.66
2015 2q	139	957,830	58,849	6.1%	(750)	0	0	0	0	\$14.58
2015 1q	139	957,830	58,099	6.1%	232	0	0	0	0	\$14.25
2014 4q	139	957,830	58,331	6.1%	5,461	0	0	0	0	\$14.62
2014 3q	141	967,014	72,976	7.5%	(11,302)	0	0	0	0	\$14.25
2014 2q	141	967,014	61,674	6.4%	76	0	0	0	0	\$12.85
2014 1q	141	967,014	61,750	6.4%	(6,943)	0	0	0	0	\$12.63
2013 4q	142	969,581	57,374	5.9%	2,104	0	0	0	0	\$13.51
2013 3q	142	969,581	59,478	6.1%	(3,422)	0	0	0	0	\$14.91
2013 2q	142	969,581	56,056	5.8%	(1,253)	0	0	0	0	\$13.74
2013 1q	142	969,581	54,803	5.7%	2,043	0	0	0	0	\$13.81
2012 4q	142	969,581	56,846	5.9%	4,740	0	0	0	0	\$14.58
2012 3q	142	969,581	61,586	6.4%	(10,516)	0	0	0	0	\$15.56
2012 2q	142	969,581	51,070	5.3%	11,728	0	0	0	0	\$14.00

Source: CoStar Property®



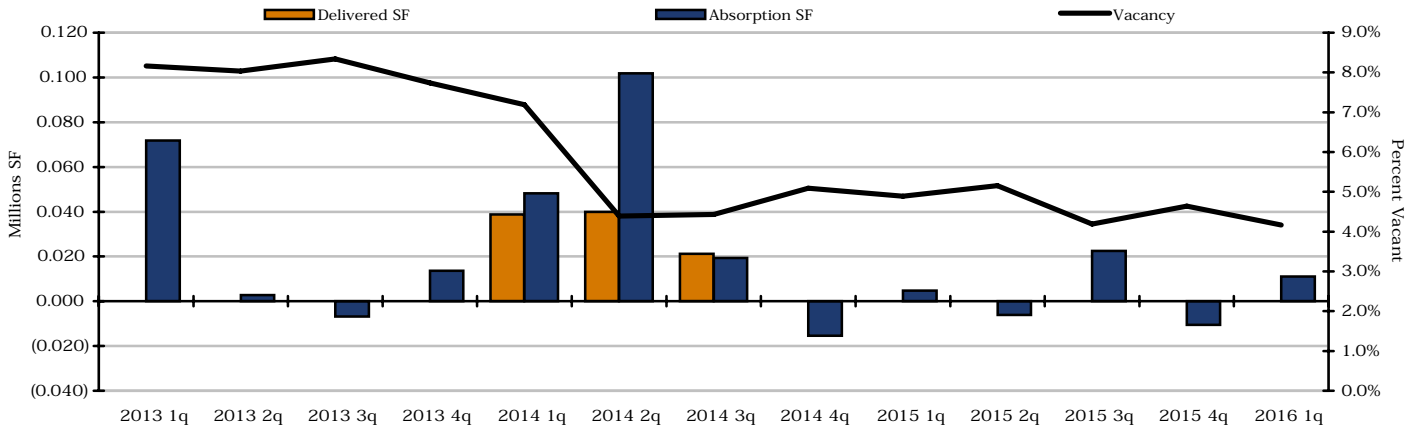
Asheville Office Market

S Asheville / Royal Pines Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

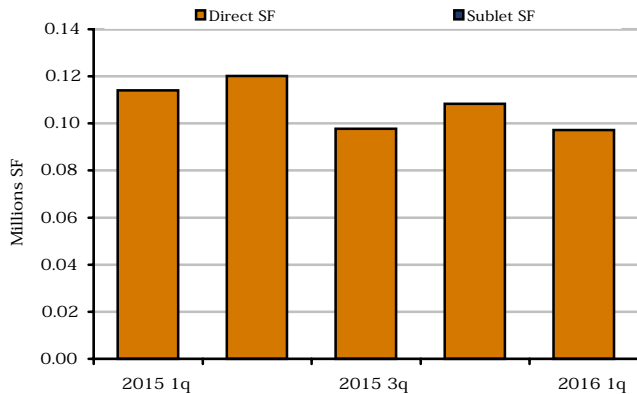
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

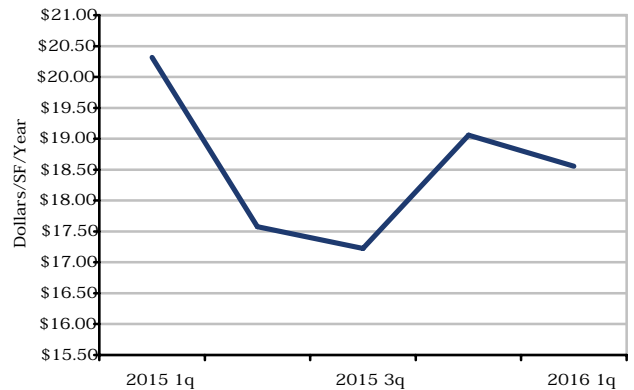
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	166	2,332,649	97,179	4.2%	11,107	0	0	0	0	\$18.55
2015 4q	166	2,332,649	108,286	4.6%	(10,558)	0	0	0	0	\$19.06
2015 3q	166	2,332,649	97,728	4.2%	22,477	0	0	0	0	\$17.23
2015 2q	166	2,332,649	120,205	5.2%	(6,176)	0	0	0	0	\$17.58
2015 1q	166	2,332,649	114,029	4.9%	4,736	0	0	0	0	\$20.31
2014 4q	166	2,332,649	118,765	5.1%	(15,439)	0	0	0	0	\$20.64
2014 3q	166	2,332,649	103,326	4.4%	19,397	1	21,240	0	0	\$19.65
2014 2q	165	2,311,409	101,483	4.4%	101,851	1	39,994	1	21,240	\$19.37
2014 1q	164	2,271,415	163,340	7.2%	48,158	2	38,781	2	61,234	\$18.99
2013 4q	162	2,232,634	172,717	7.7%	13,553	0	0	4	100,015	\$20.87
2013 3q	162	2,232,634	186,270	8.3%	(6,897)	0	0	4	100,015	\$19.43
2013 2q	162	2,232,634	179,373	8.0%	2,807	0	0	2	38,974	\$19.97
2013 1q	162	2,232,634	182,180	8.2%	71,814	0	0	0	0	\$21.07
2012 4q	162	2,232,634	253,994	11.4%	14,429	0	0	0	0	\$22.13
2012 3q	162	2,232,634	268,423	12.0%	(8,095)	0	0	0	0	\$21.04
2012 2q	162	2,232,634	260,328	11.7%	4,987	0	0	0	0	\$19.93

Source: CoStar Property®

Asheville Office Market

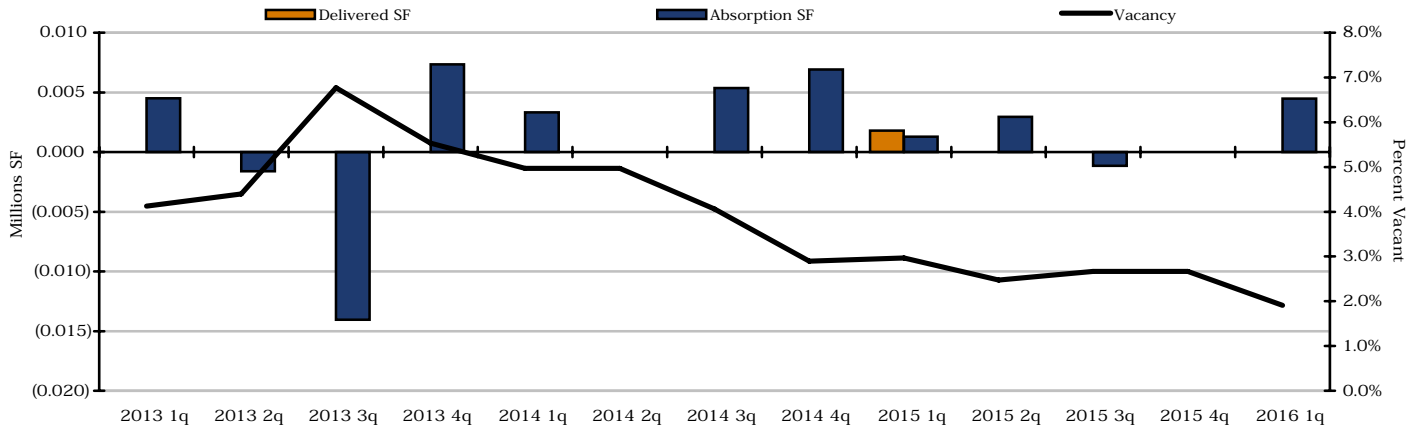


West Asheville Market

Market Highlights – Class “A, B & C”

Deliveries, Absorption & Vacancy

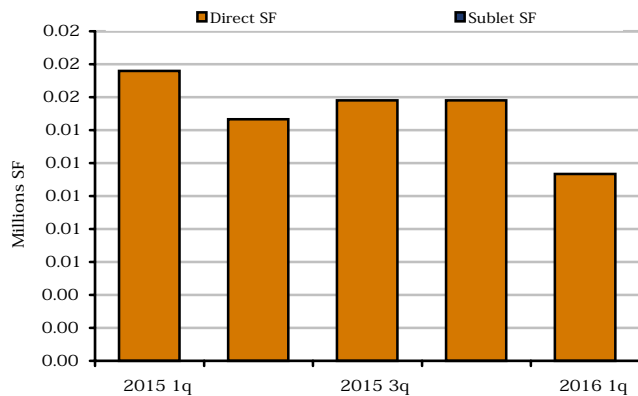
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

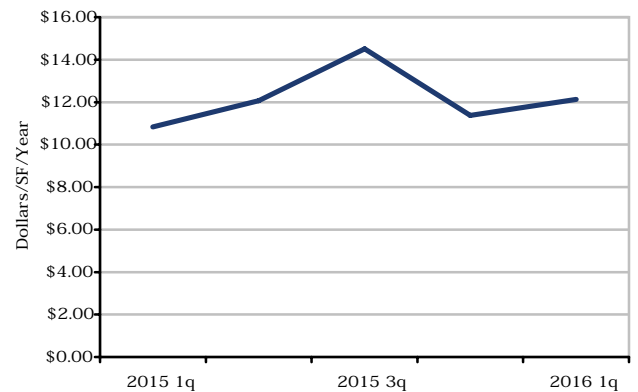
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 1q	100	592,852	11,334	1.9%	4,474	0	0	0	0	\$12.13
2015 4q	100	592,852	15,808	2.7%	0	0	0	0	0	\$11.38
2015 3q	100	592,852	15,808	2.7%	(1,150)	0	0	0	0	\$14.52
2015 2q	100	592,852	14,658	2.5%	2,937	0	0	0	0	\$12.07
2015 1q	100	592,852	17,595	3.0%	1,300	1	1,800	0	0	\$10.83
2014 4q	99	591,052	17,095	2.9%	6,913	0	0	1	1,800	\$9.24
2014 3q	99	591,052	24,008	4.1%	5,350	0	0	1	1,800	\$13.17
2014 2q	99	591,052	29,358	5.0%	0	0	0	1	1,800	\$10.83
2014 1q	99	591,052	29,358	5.0%	3,335	0	0	0	0	\$10.65
2013 4q	99	591,052	32,693	5.5%	7,340	0	0	0	0	\$10.63
2013 3q	99	591,052	40,033	6.8%	(14,050)	0	0	0	0	\$13.42
2013 2q	99	591,052	25,983	4.4%	(1,600)	0	0	0	0	\$11.27
2013 1q	99	591,052	24,383	4.1%	4,506	0	0	0	0	\$11.52
2012 4q	99	591,052	28,889	4.9%	8,050	0	0	0	0	\$11.28
2012 3q	99	591,052	36,939	6.2%	5,890	0	0	0	0	\$13.39
2012 2q	99	591,052	42,829	7.2%	2,399	0	0	0	0	\$12.12

Source: CoStar Property®